

Message Text

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43

ACTION ARA-10

INFO OCT-01 IO-13 ISO-00 STRE-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00

OMB-01 XMB-02 OPIC-03 ARAE-00 /108 W

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P R 251530Z AUG 76

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC PRIORITY 6831

INFO USDEL MTN GENEVA

LIMITED OFFICIAL USE BUENOS AIRES 5542

PASS STR FOR AMBASSADOR YEUTTER

E. O. 11652: N/A

TAGS: ETRD, MTN

SUBJECT: TRADE POLICY TEAM VISIT TO LATIN AMERICA

REF: (A) STATE 209073, (B) MTN GENEVA 6277, (C) MTN GENEVA 2466,
(D) BUENOS AIRES 4441

1. FOLLOWING CONVERSATIONS WITH SECRETARIAT OF FOREIGN
COMMERCE OFFICIALS, EMBASSY HAS DEVELOPED FOLLOWING
TENTATIVE SCHEDULE FOR TRADE POLICY TEAM VISIT:

WEDNESDAYN SEPT 1

10:00-13:00 MEETINGS WITH GOA OFFICIALS

13:30 LUNCHEON HOSTED BY CHARGE CHAPLIN AND
AMBASSADOR YEUTTER FOR GOA OFFICIALS

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15:30-17:30 MEETINGS WITH GOA OFFICIALS.

FOLLOWED BY: COURTESY CALL ON MINISTER OF ECONOMY,
DR. JOSE MARTINEZ DE HOZ.
INTERVIEW WITH WEEKLY BUSINESS MAGAZINE
"MERCADO".

2. REGARDING DISCUSSIONS, GOA OFFICIALS ASK THEY BE
DIVIDED BETWEEN MTN AND BILATERAL ISSUES WITH CONCENTRATION
ON FORMER. AS TO FORMAT FOR MTN ISSUES, GOA SUGGEST THAT
EACH SIDE WOULD PRESENT ITS VIEWS ON THE VARIOUS MTN TOPICS
AND COMMENT ON VIEWS OF THE OTHER. OFFICIALS RAISED ONLY
TWO POINTS IN THIS CONNECTION: SPECIAL TREATMENT FOR LDC'S
AND PROTECTION OF GSP MARGINS.

3. ON BILATERAL ISSUES, THEY INDICATED THEY WOULD RAISE
(A) THE ISSUE OF A CLEARING OR REGISTRATION SYSTEM FOR
SPECIALTY STEEL IMPORTS UNDER THE BASKET QUOTA SYSTEM FOR
THE SMALLER SUPPLIERS, (B) THE THREAT OF RESTRICTIONS ON
HONEY EXPORTS TO THE US (BOTH CONSEQUENCES OF RECENT ESCAPE
CLAUSE ACTIONS) AND (C) ADDITIONS TO GSP PRODUCT LIST.
QUESTION OF US HEALTH AND SECURITY RESTRICTIONS ON FRESH
MEAT EXPORTS TO US NOT MENTIONED, BUT WE FEEL IT WILL NO
DOUBT COME UP.

4. INTEREST ALSO EXPRESSED ON EXCHANGING VIEWS ON INTER-
NATIONAL WHEAT AND SUGAR AGREEMENTS.

5. WITH RESPECT TO ISSUES SUGGESTED IN PARA 4 OF REF (B),
EMBASSY FEELS SUBJECT OF CONSULAR FEES IN ONE WORTH RAISING
(GOA OFFICIALS EXPECT IT AND HAVE ALREADY ASKED WHETHER WE
WILL RAISE ISSUE) IF ONLY TO KEEP UP PRESSURE ON ARGENTINES.
LIKELIHOOD OF GETTING THEM TO GIVE UP THIS
MEASURE AT THIS TIME REMAINS SLIM, THOUGH. IT IS THE
LIFEBLOOD OF THE ARGENTINE FOREIGN SERVICE AT TIMES OF
INSTABILITY AND BUDGETARY PROBLEMS, BOTH RELATIVELY COMMON
PHENOMENA ON THE ARGENTINE SCENE, AND THE ONLY ASSURANCE
THE FOREIGN MINISTRY HAS THAT ITS SALARIES AND EXPENSES WILL
BE PAID OVERSEAS IN FOREIGN CURRENCY. THE PEOPLE MOST VITALLY
INTERESTED IN PRESERVING THESE FEES ARE THOSE WITH WHOM WE ARE
NEGOTIATING IN AN ATTEMPT TO DO AWAY WITH THEM.
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6. THE SO CALLED "DECLARACION JURADA DE NECESIDAD DE
IMPORTACION (PARA 4 B REF B) IS AN IMPORT LICENSE DESIGNED TO ENABLE
THE GOA TO CONTROL IMPORTS DURING PERIODS OF FOREIGN EXCHANGE
SHORTAGE AND TO ENABLE THEM TO ENFORCE A "BUY ARGENTINE"
POLICY. GIVEN ARGENTINA'S CHRONIC BALANCE OF PAYMENTS
PROBLEMS IT SEEMS UNLIKELY THEY WOULD ABANDON THE PRACTICE
OF CONTROLLING IMPORTS IN ONE FASHION OR ANOTHER. UNDER

PRESENT CIRCUMSTANCES, AT LEAST, THEY COULD NOT DO SO. EMBASSY, THEREFORE, DOES NOT FEEL THIS IS A USEFUL SUBJECT TO RAISE.

7. PERHAPS THE MOST USEFUL POINT WE COULD DISCUSS ARE GOA CONCESSIONS IN THE CONTEXT OF THE TROPICAL PRODUCTS NEGOTIATIONS IN RETURN FOR US WILLINGNESS TO INITIATE CONSULTATIONS ON SANITARY RESTRICTIONS ON IMPORTS OF ARGENTINE BEEF PER REF (C). AT LEAST ONE POINT THERE SEEMED TO BE SOME FLEXIBILITY IN THE ARGENTINE POSITION ON THIS SCORE, THOUGH RETURN OF AMBASSADOR MARTINEZ TO GENEVA SCOTCHED COUNSELOR ARLIA'S INITIATIVE. THERE REMAINS POSSIBILITY THAT "CAPITAL" OFFICIALS REMAIN OPEN TO SUCH A TRADEOFF AS SUGGESTED IN REF D.

8. THERE IS SECOND ISSUE WORTH STRESSING AS WELL. THE GOVERNMENT OF ARGENTINA HAS A COMMON INTEREST WITH THE UNITED STATES IN OBJECTING TO THE RESTRICTIVE TRADE POLICIES OF THE EUROPEAN COMMON MARKET, PARTICULARLY IN THE AREA OF MEAT, BUT ALSO IN THE AREA OF GRAINS AND POTENTIALLY IN THE AREA OF OILSEEDS PRODUCTS AS WELL. SEVERAL GOA OFFICIALS HAVE RECENTLY STATED PRIVATELY THAT ARGENTINA NOW FEELS "UNCOMFORTABLE" IN THE GROUP OF 77 AND HAS LITTLE IN COMMON WITH THE LESS DEVELOPED COUNTRIES. THIS COMBINED WITH A MORE LIBERAL APPROACH TO EXPORTS (I.E. REDUCED EXPORT TAXES AND THE ELIMINATION OF THE MONOPOLY ROLES OF THE NATIONAL MEAT AND GRAIN BOARDS), LEADS TO A FAVORABLE CLIMATE FOR ENCOURAGING THE GOA TO MORE FORCEABLY SUPPORT OUR VIEWS IN SUCH FORUMS SUCH AS GATT.
CHAPLIN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE VISITS, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: saccheem
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BUENOS05542
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760324-1114
From: BUENOS AIRES
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760823/aaaaasws.tel
Line Count: 143
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 STATE 209073, 76 MTN GENEVA 6277, 76 MTN GENEVA 2466, 76 BUENOS AIRES 4441
Review Action: RELEASED, APPROVED
Review Authority: saccheem
Review Comment: n/a
Review Content Flags:
Review Date: 12 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 MAY 2004 by buchant0>; APPROVED <13 SEP 2004 by saccheem>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TRADE POLICY TEAM VISIT TO LATIN AMERICA
TAGS: ETRD, MTN
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006